

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **July 9, 2002**, Work Session

AGENDA ITEM NO.: **7**

CONSENT:

REGULAR: X

CLOSED SESSION:
(Confidential)

ACTION: X

INFORMATION:

ITEM TITLE: **Federal Lobbying Effort**

RECOMMENDATION: Determine whether or not to secure the services of a lobbyist to seek federal funds for City projects.

SUMMARY: In November of 2001 Council discussed a proposal from Reed Smith, LLP to provide lobbying on behalf of the City seeking federal funds for various City projects. At that time, Council asked that other potential service providers be contacted. Attached is a copy of the original Council report on this matter and information that I have received from two other firms. I have also had informal discussions with a representative of a fourth firm, Alcalde & Fay.

Staff is seeking guidance from Council on its interest in pursuing federal lobbying.

PRIOR ACTION(S): November 27, 2001 City Council Work Session; staff directed to seek additional information.

FISCAL IMPACT: Various fees have been quoted, from \$3000 to \$7500 per month, plus expenses. Annual cost could be from \$38,000 to \$90,000. A two year effort, at minimum, should be anticipated. Funds for FY03 would have to come from the General Fund Reserve for Contingencies.

CONTACT(S): Kimball Payne

ATTACHMENT(S): Nov. 19, 2001 Council Report
Information from other offerers

REVIEWED BY:



The City of Lynchburg, Virginia

MEMORANDUM

TO: City Council

FROM: L. Kimball Payne, III, City Manager

DATE: November 19, 2001

SUBJ: Seeking Federal Financial Assistance

Attached please find the body of a report from the firm of Reed Smith who were retained to perform an environmental scan on federal funding opportunities to support City priorities. I will have several copies of the full report with appendices for you to review during your work session on Tuesday. The report points to a number of possible funding opportunities and suggests that any lobbying efforts be focused on a specific targeted project.

Reed Smith has proposed two options for retaining their services to seek federal funding. The most practical approach would seem to be a monthly retainer of \$7500. The annual cost of \$90,000 would have to come from the Reserve for Contingencies in the current fiscal year and could be budgeted in the upcoming fiscal year. The lobbying effort would probably take the better part of a year as we would work to have funding included in next fall's appropriations.

We will ask Council during your work session if and how you would like to proceed with this matter.

October 5, 2001

**VIA FEDERAL EXPRESS
ATTORNEY-CLIENT PRIVILEGED & CONFIDENTIAL**

L. Kimball Payne, III
City Manager
City of Lynchburg
City Hall, 900 Charles Street
Lynchburg, VA 24505

**Re: Recommendations: Federal Financial Assistance Strategy
City Of Lynchburg Infrastructure Projects**

Dear Mr. Payne:

We are pleased to provide these recommendations to the City of Lynchburg, VA ("City") to initiate its Federal Financial Assistance Strategy for needed public works infrastructure projects. This submission is made after reviewing the information provided by the City and, separately, Amherst County, including at our earlier meeting.¹ We have made some attempt to prioritize what we believe are the most promising projects raised during this exercise, although the choice of what project to pursue is entirely that of the City. Our recommendations also reflect what we believe to be the best circumstances for federal project funding, although the direction of federal appropriations are not entirely clear given the national tragedies of September 11th. State funding programs are not included, except to the extent that they operate as part of a federal grant program.

A. Strategic Step No. 1: Determine Congressional And Agencies Funding Directions

An initial step in advancing the City's funding agenda is to review the direction of Congress regarding special earmarks, as well as any new federal grant programs or changes in already established programs.

1. **Summary of Status.** The responses of Congress to events of September 11th, are likely to have significant impacts on federal appropriations for Federal Fiscal Year 2002 ("FY02"). These impacts may well continue for at least the immediate succeeding fiscal years. Prior to these tragedies, the budget process for the 107th Congress appeared to be continuing in a relatively normal fashion,

¹ We have reviewed the "Amherst Riverfront Park Master Plan" (March 2000), provided to us by County Administrator Bryan David, and have included discussion of this plan only as it conforms to, or otherwise benefits, the City's Riverfront plans. Our present expectations are that funding requests will be made on behalf of the City.

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leaving expectations of federal earmark levels being at least as significant as in prior years. Given the importance of the Congressional funding approaches to development of the City's strategy, it is important to review what Congress had signaled as its funding approach, how that likely funding approach related to funding opportunities for the City, and how those indications appear to hold up in post-September 11th circumstances, to the extent that they are known. At this point, it appears that Congress will adopt an approach to stimulate the economy, although the shape of any stimulus program is uncertain. We will continue to monitor these developments and will advise you accordingly.

2. **FY02 Proposed Funding Actions.** Some important examples of the developing attitude of Congress to continue its project earmark practices include the following:

(a) **Senate Appropriations: Economic Development Initiative:** The Senate Appropriations Committee Report of the VA, BUD, and Independent Agencies Appropriations bill, within the "Economic Development Initiative" ("EDI") account, includes specific earmarks to set-aside approximately \$140 million within the Community Development Block Grant program "to finance efforts that promote economic and social revitalization." (TAB A) This bill (S. 1216) passed the Senate on August 2, 2001. (The House also passed its own VA, HUD, Appropriations bill as H.R. 2620, but did not include project earmarks at this time apparently preferring to include such earmarks when the House and Senate versions are reconciled in Conference, repeating the process of FY01.)

By way of comparison, the final ED1 account for FY01 contained \$292 million in project earmarks, a total which was anticipated to continue for FY02. (TAB B contains the ED1 account for FY01.) This account is central to funding a broad variety of projects of interest to the City. The projects proposed for FY02, which are also discussed further later, include: (a) riverfront development (e.g., "\$1,000,000 for the City of Milwaukee, Wisconsin, for the Menominee River Valley redevelopment project," and "\$250,000 for the City of Donaldsonville, Louisiana, for riverfront development."); (b) museum redevelopment, particularly with historic themes (e.g., "\$400,000 for the Tubman African American Museum in Macon, Georgia for construction of the Tubman African American Museum."); (c) community and recreation centers (e.g., "\$1,000,000 for the City of Lewiston, Maine for the funding of a community and economic development center."); (d) overall downtown economic redevelopment (e.g., "\$900,000 to the City of Lancaster, Pennsylvania for the development of an entertainment/retail complex which is intended to enhance economic development [and] provide hundreds of new jobs."); (e) libraries (e.g., "\$300,000 for the Ruth Enlow Library System of Garrett County, Maryland, for construction of the new Grantsville Branch Library."); and (f) trail systems (e.g., "\$300,000 for the County of Kauai, Hawaii, for the Heritage Trails project.").²

(b) The Senate also passed, in the same appropriations bill, a project earmark list for the "State and Tribal Grant" ("STAG") program. The total for these earmarks is also \$140 million. (TAB C) The final VA, HUD Appropriation bill for FY01 in the STAG account was \$335 million.³

² It is also important to note that ED1 grants, which are awarded by I-IUD, are for 100% federal share project cost allocation; no local match is required.

³ The STAG account essentially represents water and wastewater projects. As we understand the City to have retained other counsel to advance its interests in this regard, we have not discussed the

(c) Federal grant agencies were also well funded for FY01 For the Economic Development Agency ("EDA"), within the U.S. Department of Commerce, approximately \$286 million was stated as available for grant award through the Public Works and Economic Development Assistance program. 66 Fed. Reg. Part III (March 14, 2001) (TAB D). In my recent direct conversations with the Director of Public Works, David McIlwain, the level of EDA assistance for this program for FY02 was anticipated to be slightly less, about \$250 million. As the program discussion shows, the Agency focuses on projects with demonstrated economic development themes, although this is broadly interpreted (e.g., EDA funds similar projects to those funded within the EDI, although its broad implementation includes water and wastewater facilities, transportation projects and the like).

(d) Congress has established new grant programs for certain defined problems. For example, in the December 15, 2000 Omnibus Budget Reconciliation Act, Pub. L. No. 106-55, Sec. 221, Congress created a new program for "Sewer Overflow Control Grants." This program authorized \$1.350 billion for planning, design, and construction of specified treatment works. While this program has not yet resulted in specific grant appropriations, this program is significant in that it demonstrates Congressional purpose to direct funds for a defined need. (See our comments at f.n.3.)

(e) Similarly, a bill has been introduced in the Senate by bi-partisan sponsors, including Senators Sarbanes and Mikulski (MD), Warner and Allen (VA), and Specter and Santorum (PA). The bill, entitled, "Chesapeake Bay Watershed Nutrient Removal Assistance Act" (S. 1044), would produce a grant program among seven states, for a defined purpose of reducing nutrient and phosphate loadings into the Chesapeake Bay, with an authorized program total of \$660 million for the federal grant share. (TAB E) Importantly, even though this bill is not yet law, it has inspired proposed earmarks within the STAG account, including two Maryland projects for Biological Nutrient Removal ("BNR").

(f) The President has requested a budget of \$42.8 billion for FY02 to support transportation infrastructure through the U.S. Department of Transportation. The appropriation bill for transportation is pending final resolution, along with other appropriations bills. Legislative earmarks for the DOT appropriations bill exist in several programs; the "Transportation, and Community and System Preservation Pilot Program" ("TCSP") would appear uniquely favorable to the City. Among proposed earmarks in the TCSP (TAB F) are: (1) "Grand Forks Greenway trail system, North Dakota \$1,000,000;"; (2) "Madison State Street project, Wisconsin \$1,000,000;"; (3) "Maryville downtown revitalization, Tennessee \$4,000,000;" and (4) "Tuscaloosa City river-walk and parkway development, Alabama \$1,000,000."

(g) The President has proposed a budget of \$18.1 billion for FY02 to support the Department of Interior, the National Endowment for the Humanities, and many other programs, which are focused on conservation and preservation. The appropriations bill for Interior is pending final resolution in September. Earmarks that are contained within the present Senate appropriations bill, in

Continued from previous page

STAG account, in further depth. However, we will be pleased to further analyze the City's needs in this regard, if requested.

the "Land Acquisition Account", include: (1) "Garnet Ghost Town, Montana \$2,000,000;" (2) "Continental Divide National Scenic Trail, Wyoming \$320,000;" and, (3) "Lewis and Clark National Historic Trail, Idaho \$1,000,000." (TAB G)

B. Strategic Step No. 2: Identify And Implement Threshold Principles

Once funding sources and budget limits are identified it is important to recognize and implement certain threshold principles in seeking federal funding. The principles that we recommend are as follows:

1. **Develop And Limit Funding To A City Primary Project List.** We have reviewed various documents that the City provided, including: (a) "Proposed Capital Improvements Program Project Detail Sheets FY2002-2007"; (b) "Proposed FY 2001-02/2006-07"; (c) "Lynchburg Downtown & Riverfront Master Plan 2000"; and, (d) "Amherst Riverfront Park Master Plan." This is in addition to reviewing the project list provided during our morning interview.

From these reviews and discussions, it is evident that the full extent of the City's needs cannot be met within one or two federal fiscal years, and will likely require several funding sources to be completed successfully. Accordingly, as an initial recommendation, the City, or City and County jointly, should decide to pursue a limited number of specific projects, rather than providing a long and unrelated wish list to its Congressional Delegation. We have suggested what appear to us to be the key projects that fit within the precedent of prior project funding.

2. **Integrate The City's Virginia Congressional Delegation Into Project Planning And Funding Needs.** We tried to provide a sense of what appears to be Congressional willingness to address sectional or regional problems with grant appropriations. We would attempt to work with Senators Warner and Allen, and with Congressman Goodlatte and, if possible, Congressman Goode, to enhance our overall funding chances. In addition to individual projects, it would be advisable for the City, through its Washington, D.C. representatives, to brief the Virginia Congressional Delegation on an integrated economic development plan and to request not only individual project funding, but possibly the creation of a new authorization for a specific regional project, such as a "James River Riverfront Park." Such a project might be expanded to include, for example, other Congressional districts and perhaps other communities beyond the City and Amherst County. As can be seen in the enclosed materials, a broader project definition and multi-jurisdictional "ownership" may well provide additional funding.

3. **Discuss Project Development With Federal Granting Agencies.** Specifically, I would suggest meeting immediately with several representatives of the EDA. Among these, I would suggest meeting with Director McIlwain and the EDA Virginia "Economic Development Representative," Neal Noyes. This latter meeting is important in that projects for FY01 have been identified for funding; projects for anticipated FY02 appropriations are being organized for this funding, when received. Such decisions, of course, are subject to political influence, based upon several factors. With only approximately \$250 million anticipated to be available in FY02, it is critically important to add this to our menu of approaches.

4. **Investigate Public-Private Partnerships.** One example of such a partnership that I mentioned was the "High Tech High School." I am enclosing a short concept of the High Tech High School, which suggests the type of model that we would encourage, involving identifying available public facilities or space, bringing in corporate contributions for a specific purpose, and supplementing

these efforts with Congressional earmark appropriations and federal agency grants (which are available for the High Tech High School **concept**)(TAB H). We would also be pleased to work with the City in the broader sense of involving the private sector in the City's riverfront development efforts. The Finn has extensive development experience and would be pleased to review it with you.

C. Strategic Step No. 3: Pursue Specific Targeted Project Funding Consistent With Priority Review And City Goals

During our morning meeting, we were provided with short descriptions of numerous City projects that would benefit **from** an additional funding source. As noted, given practical funding limitations, decisions will need to be made on which projects to pursue and in what order. Further, each of these projects may also be considered as potentially coming within a larger comprehensive funding scheme, which will also be discussed. Following is a listing of proposed approaches on several of the key City projects.

1. **Project No. 1: James River Park ("Riverfront Project").** The principle interest of the City appears to be in advancing the City, or City-County, Riverfront Project. The project is anticipated to contain numerous parks, commercial venues, walkways, bike and transportation alterations and modes, and the like. The Riverfront will also be a connector to the anticipated James River Heritage Trail, which is separately treated.

Define Project Scope: It would appear advisable, at least at this time, for the City to simultaneously pursue a number of basic funding approaches to the Riverfront Project.

(a) **Seek Separate Authorizing Legislation.** The first approach involves working with the Virginia Congressional Delegation to authorize legislation for James River redevelopment. As noted above with the Chesapeake legislation, such bills often provide Congressional findings and goals to be achieved over a multi-year period, such as five years. Funding is also authorized. For the Chesapeake bill, for example, approximately \$660 million was proposed to be authorized over a five year period. One downside to this type of bill is obtaining appropriations to match the legislated authorizations. However, given the type of economic needs apparently involved, and potential for growth, there may be support for such a bill.

In working to advance this option, we would research current proposed or pending legislation, such as may exist for regional development or transportation, to determine if further amendment was possible to address the City's specific needs, or whether the City might directly qualify for the benefits of such a new program.⁴ After drafting proposed legislation, and supporting justification, we would also work closely with Senators Allen and Warner to develop their support for such a bill. Among other things, we would need to develop an economic model to support a basis for Congressional funding and support

⁴ While we are not focused on wastewater issues here, it is instructive to note that at times federal agencies, such as the U.S. Army Corps of Engineers may be approached to assist in using its own legislation, such as the Water Resources Development Act ("WRDA"), to include or support such a new legislative scope.

(b) Develop A General Riverfront Development Earmark. A second approach involves organizing, editing, and perhaps expanding materials that the City already has published, such as its "Downtown & Riverfront Master Plan 2000," and developing a general request for "Riverfront" development. In this regard, we would recommend focusing on the Congressional ED1 account, which contains numerous earmarks for similar projects. For example, the Senate ED1 mark-up, TAB A, contains the following proposed earmarks: "\$500,000 for the City of Moline, Illinois, for riverfront redevelopment efforts in Moline, East Moline, and Rock Island;" and, "\$1,000,000 for Great Falls, Montana for the Missouri Riverfront Park Enhancement project." Many other examples are included within the ED1 account for FY01, at TAB B, including, "\$500,000 for the City of Detroit, Michigan, for the Detroit River Promenade Project".

Our approach, under this option, would be to identify economic needs to be addressed by the Riverfront Project, and would include several elements, including an overall theme of the project, specifics sub-projects to be completed, and the costs of each, as well as a schedule for completion of the project. We would set a time line, say three or four years, within which we would seek Congressional appropriations. We would also target an annual request to Congress, consistent with our completion schedule and the City's other needs, probably in the \$1 million annual range. Recall that the ED1 account is within the HUD budget and does not include the need for a local match, so this funding would be at the level of a 100% federal share.

Our approach in seeking support within the Virginia Congressional Delegation would be consistent with the approaches already discussed. This would be an annual effort, although once a "Riverfront" project is approved, the City would be in the position of seeking a "continuation" grant for the succeeding years.⁵ Also note that the appropriations are very general in scope, giving the City wide latitude in using funds for several purposes in its Riverfront Project development. For example, the City might include several of the individual projects noted below within funding generally provided by Congress for "riverfront development."⁶

(c) Pursue Separate Sub-Project Earmarks Within The Riverfront Context. While the above approaches can be used, the City might also select individual projects for Congressional earmarks, or federal agency grant programs, (the latter approach is discussed below). In this respect, our efforts would be similar to the above approaches, including putting forward one or two key projects, supporting each with an executive summary, a 5 - 7 page "white paper", and developing other supporting materials. Enclosed please find a copy of a pamphlet that we developed for the City of Eureka, CA for a particular (wastewater funding request. (TAB I)

⁵ Continuation grants are often, although not always, somewhat easier to obtain, assuming that the City was factually complete in its initial pitch for funding and that the project continues to enjoy Member support. It will be important, as construction progresses, to offer special VIP tours and the like for supporting Members and staff.

⁶ In fact, Congress often avoids prioritizing local projects for a broader public project, which is why the appropriations legislation and conference report are often so general.

In this case, the Congressional earmark would be specific to the particular sub-project. These projects could relate to the riverfront work, or separately, to the City's downtown economic revival efforts (although that approach is discussed separately, below). Additional projects within this strategy might include (from those identified at our meeting): (1) restoration or relocation of the City Museum, and its possible expansion (*e.g.*, "\$500,000 for the Vermont Historical Society for the Vermont Historical Society Renovation Project" (FY01), and, "\$1,000,000 for Dubuque, Iowa, for the development of an American River Museum" (FY02)); (2) a City library (*e.g.*, "\$150,000 to the City of Tea, South Dakota to develop a community library" (FY02)); and, (3) relocation of the Human Services building (J.W. Ould Building), to the extent that the latter building can be included within an economic development strategy.

Individual project earmarks within ED1 often range from \$100,000 to over \$3 million, although \$500,000 to \$1 million is the normal range. As noted, these earmarks ultimately involve HUD grants where there is no required local share match.

(d) Apply For Federal Grant Agency Funding Consistent With Riverfront Theme.

Federal agency funding, principally through the U.S. Department of Commerce, Economic Development Administration ("EDA"), provided approximately \$286 million in economic development grant funding in FY01. As part of its Riverfront development approach, the City could authorize development of individual project "profiles" so that we could ultimately apply for these grant funds.

The profile would contain important demographic and economic information and show the need for federal assistance for the listed project(s). The grants are administered through a federal regional system, with Virginia being within Region 1, headquartered in Philadelphia. The applicant must show an economic development strategy to be successful with the EDA. Projects funded through such grants include: water, wastewater, industrial access roads, industrial parks, port and harbor facilities, railroad sidings and spurs, tourism facilities, distance learning facilities, skill-training and vocational schools, and various infrastructure improvements that will benefit business expansion.

Qualified projects must fulfill a demonstrated need of the area and generally must: (1) tend to improve the opportunities for the successful establishment or expansion of industrial or commercial plants or facilities; (2) assist in the creation of additional long-term employment opportunities; or, (3) benefit the long-term unemployed/underemployed and members of low-income families. In addition, proposed project generally must be consistent with the currently approved Comprehensive Economic Development Strategy for the area, and for the Economic Development District, if any, in which it will be located, and must have adequate local share of funds (normally 50%). Other grants involving technical assistance, planning and the like are also available. In FY01, the average grant was slightly over \$900,000.

(e) Contact Private Foundations. A further option is to contact private foundations that most often like to provide grants or loans to accompany federal funds. We note that several foundations are included within the literature that Amherst County provided, at 43 -5 1. Other foundation opportunities also exist, such as with the Robert Wood Foundation, David and Lucile Packard Foundation, Ford Foundation, F.B. Heron Foundation, and W.K. Kellogg Foundation, among many others.

(f) Review Private Sector Financing. Our initial efforts on behalf of the City will involve Congressional and federal grant funding sources. We will also review the extent to which the

private sector might also become involved in the Riverfront Project development, whether through privatization, public-private partnerships, and the like. This step would be given less importance at this time, however, as we would want to secure federal funding as soon as is possible as our initial work effort.

Summary: By carefully building on the City's Riverfront Project theme, and by carefully identifying individual projects within the overall developmental concept, the City can begin to obtain federal grant assistance, and to secure support for additional funding in the future. These efforts will result in annual federal funding decisions, but with planning and attention to bringing into play Members of the Virginia Congressional Delegation, the City could enjoy several years of project funding.

2. **Project Selection No. 2: Trail Systems; Historic Trails.** We are treating trail systems separately, although they could be brought within the "Riverfront Project" development approach. Importantly, funding for such trail projects is available from several sources, which could be sought out within the context of the riverfront work, or independently. The main funding sources for trail system, and historic road or trail systems, include:

(a) **ED1 Appropriations:** "\$1,000,000 for the Clearwater Economic Development Association for the implementation of the Lewis and Clark Bicentennial Plan" (FY02); "\$100,000 to the Alabama Wildlife Federation for the development of the Alabama Quail Trail in rural Alabama" (FY02); and, "\$325,000 for the City of Racine, Wisconsin, for construction of the Racine Root River Pathway" (FY01). As you can see, Congress is especially pleased to provide earmarks for such projects, again if they also have a historical or environmental theme (as well as economic development).

(b) **Department of Transportation ("DOT") TCSP Grants.** Depending on the level of Congressional earmarks, the DOT has something in the range of \$25 million - \$50 million in grant funds to award each year. Congress may elect to earmark the entire amount, however. Under either funding source, the TCSP program provides significant funding for such programs, including (from TAB F): "Tuscaloosa City Riverwalk & Parkway development, Alabama -- \$1,000,000;" and, "Olympic discovery trail, Washington -- \$1,600,000." As stated in the most recent Senate bill, "TEA2 1 created a new transportation and community and system preservation program that provides grants to local governments for planning, developing, and implementing strategies to integrate transportation and community and system preservation plans and projects. These grants may be used to improve the efficiency of the transportation system, reduce transportation externalities and the need for future infrastructure investment, and improve transportation efficiency and access consistent with community character." This broad language provides the City with sufficient scope to include a wide variety of trail systems.

(c) **Department of Interior Land Acquisition Grants.** Our TAB G includes a listing of several projects that include trails. These include the "Lewis and Clark National Historic Trail (ID) -- \$1,000,000" and the "Continental Divide National Scenic Trail (WY)-- \$320,000." Normally these projects are prioritized on a State by State basis, although there is significant flexibility in the ultimate outcome of these funding lists. We would work closely with the Members of the Virginia Congressional Delegation and with the appropriate State agency to advance the City's trail grant, if this approach is selected.

3. **Project Selection No. 3: Pursue Alternative EDI/EDA Projects.** In the event that the Riverfront project is not pursued, or pursued with different account funds, there are a series of projects

that could be funded through EDI/EDA sources. Some level of funding might be sought for one project, in conjunction with the Riverfront project funding strategy, but we will need to carefully limit our requests to between one and three overall Congressional projects, with another one perhaps at the agency level.

During our detailed discussion, and research, the following City projects seemed the most important to the administration, and had the best chance of receiving federal funding. Please note that the same policies and requirements discussed above would apply to funding for these projects:

(a) City Academy Of Music. We understand that significant funding has been already been obtained for this project by the City, including private sources, but that something less than \$5 million remains necessary. The ED1 account is simply loaded with funding for historic cultural projects such as this. In the FY01 ED1 account, for example, some interesting examples include: "\$500,000 for The Palace Theater for its renovation in Manchester, New Hampshire;" and, "\$1,500,000 for the City of Memphis for the construction of the **Stax** Museum of American Soul Music in Memphis, Tennessee;" and, "\$2,600,000 for the City of Meridian, Mississippi for the rehabilitation of the opera house." Such projects are typical.

With sufficient background historic importance and future economic benefit, this project would appear to be a strong one, especially for Congressional appropriations. Recall that the ED1 earmarks can range between \$1 million - \$2 million or so for such projects, so the funding would likely take two years and perhaps longer.

(b) Neighborhood And Community/Recreation Centers. Our discussion at the City included several such community or recreation centers on its funding "wish list" (e.g., Jefferson Park, Miller Park, City Community Center, City Fitness Center). Again, these types of projects are well represented within the ED1 (appropriations) and EDA (grant agency) universe. However, the City will need to prioritize its needs in this regard. Some examples of community/recreation centers include the following (FY02): "\$500,000 for the New Shiloh Community Development Corporation of Baltimore, Maryland, for construction of a multi-purpose center;" and, "\$175,000 for the **Quincy**, Illinois, Housing Authority to expand its community center facilities;" and, "\$1,000,000 for the City of Lewiston, Maine, for the funding of a community and economic development center;" and, "\$1,000,000 for **Sevier** County, Utah for a multi-events center."

As noted above, annual Congressional appropriations are often multi-year. Accordingly, these projects may well have several years of funding at these or higher levels. Given supportive facts involving economic and social needs that would be addressed by the center, the City could provide a compelling case for a community or recreation center.

4. Project Selection No. 4: Other DOT Project Funding. To assist in the City's prioritization efforts, we have also separately treated other "multi-modal" transportation projects raised by the City during our meeting. These type of projects would likely take a lower priority, but we believed it helpful to briefly review what was available. Essentially, outside of the workings of DOT "formula" transportation programs, Congress has continued to include such programs in ED1 earmarks, including (FY01): "\$860,000 to the City of Pikeville, Kentucky for an integrated transit/parking facility;" and, "\$1,000,000 to the City of Johnstown, Pennsylvania for construction of an intermodal parking garage." We understand that the City had planned for such a project as part of its downtown

economic development efforts. The ED1 account is available for future efforts to fund this type of transportation project.

5. **Project Selection No. 5: High Tech High School.** One project option that we earlier raised and wanted to include for future City reference, is the High Tech High School. As TAB H describes, this project is a partnership with the City, one or more corporate sponsors, and, hopefully, the federal government, through project grant funding. We are aware of several such high school projects being formed, most recently by the New Baltimore City Board of School Commissioners (although, as we understand it, with more focus on local funding).

D. **Estimated Budgets**

Following are two basic budget approaches that the City may use to engage us to complete its funding strategy.

1. **Comprehensive Scope Of Work; Retainer.** This is our preferred approach. We would propose a monthly retainer of \$7,500 to include the total scope of work outlined above. For this retainer amount we would: (1) work with the City to identify its key project priorities, based on the funding strategies outlined above; (2) develop project wide and individual project funding strategies and support materials for the selected projects, whether at the Congressional or federal grant agency levels (i.e., research and prepare white papers, descriptive pamphlets and the like); (3) meet with all stakeholders to advance a well conceived project; (4) brief staff, and Members, of the City's Virginia Congressional Delegation; and, (5) take other steps necessary to successfully advance each project, including negotiating grant awards with federal agencies, whether in circumstances of discretionary awards or grants awarded after earmarking.

2. **Individual Project Budgets; Fee Schedule.** Alternatively, we would work under separate budgets for each project. Our experience is that taking a selected project, or short list of projects toward funding generally involves an annual budget of between \$70,000 - \$85,000, the range reflecting variables that might be encountered in taking the request forward.

This approach would use a time and materials contract, with bills rendered **once** a month. For this work, Reed Smith would apply the Firm's "basic" billing schedule, with a ten percent (10%) courtesy discount to these rates for Reed Smith partners and counsel (subject to a floor of **\$250/hour**). For example, my basic rate is **\$375/hour**, so the effective rate for me for work on this matter with the City would be **\$338/hour**. Steve Pearson bills at **\$275/hour** so his rate would be adjusted to **\$250/hour**.

Further, we would use a "blended" rate for associates and non-attorney professionals, such as Chris Pedigo, our Government Relations Advisor. This rate would be **\$230/hour**. Paralegals, if used, bill at **\$100/hour**. We would continue to use these rates throughout 2001 for this matter, and thereafter until rates are re-evaluated by the Firm early in 2002.

3. **Reimbursement Of Expenses And Costs.** Certain costs and expenses originally incurred by Reed Smith under either budget option would include, without limitation: travel, lodging, meals, long distance telephone and facsimile, hand and overnight delivery, and the like. It is expected that the City will reimburse Reed Smith for these costs and expenses.

L. Kimball Payne, III
October 5, 2001
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ReedSmith

4. **Billing Procedure.** Our billing procedure for this work is to submit a statement to you or to a designated City representative on a full monthly basis. Depending on the engagement compensation type, the statement would contain information sufficient to inform you about the retainer due to the Firm, the work performed, and any other costs or expenses that are also due. For the time and materials approach, the bill would include sufficient detail to determine when work is performed, the rates charged, and the activities of attorneys and others that are charged to this matter, and detail concerning any other costs and expenses. Reed Smith anticipates that each billing statement will be fully paid within thirty (30) days from your receipt of its the Firm's invoice by the City.

E. Other Engagement Terms

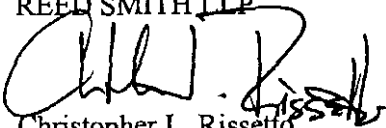
1. **Client Identity; Termination.** The client for this engagement will be the City of Lynchburg, Virginia, unless otherwise designated by you and agreed to by Reed Smith. The agreement may be terminated without cause by either party, upon written notice, via certified mail, return receipt requested. Subject to applicable requirements, upon termination, project documentation will be returned, subject to receipt of payment for all outstanding Reed Smith invoices.

2. **Agreement.** This proposal, once countersigned, represents the complete agreement for the provision of legal services, as described herein. This agreement will be modified to incorporate any additional legal tasks beyond those expressly incorporated herein. Unless so modified, only those services described herein represent the scope of legal services for Reed Smith LLP.

To assist in moving this proposal forward, and if you and other necessary City representatives agree with the terms and conditions of this proposal, kindly have the appropriate representative sign in the following space and return this letter to my attention. Please maintain an executed copy for your records. Please note that two options are presented for this purpose. Thank you, again, for this important opportunity. Please also contact either of us directly if you have any questions regarding this proposal.

Sincerely,

REED SMITH LLP



Christopher L. Risetto
Steven W Pearson

Enclosures (TABS A - H)

(Options I and II, and signature spaces next page)

L. Kimball Payne, III
October 5, 2001
Page 12

ReedSmith

*(Following are options and signature spaces for next phase **of** engagement)*

OPTION I - COMPREHENSIVE SCOPE OF WORK; MONTHLY RETAINER

AGREED TO, this _____ day
of _____, 2001

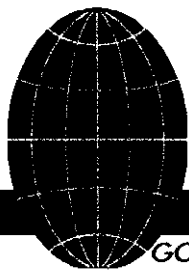
For, City of Lynchburg, Virginia

OPTION II - INDIVIDUAL PROJECTS; TIME AND MATERIALS

AGREED TO, this _____ day
of _____, 2001

For, City of Lynchburg, Virginia

**PROPOSAL TO PROVIDE
FEDERAL REPRESENTATIONAL SERVICES
TO
THE CITY OF LYNCHBURG, VIRGINIA**



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GRASSROOTS MANAGEMENT • INTERMEDIATE BASED ADVOCACY

420 Seventh Street, N. W., Suite 510

Washington, D. C. 20004

202-639-4977 • 202-639-4976 Fax

STEVEN L. PRUITT
PRESIDENT & CEO

INTRODUCTION

On behalf of the Pruitt Group ("the "Firm"), we have prepared this proposal presenting an overview of the Federal legislative, Executive Branch and governmental affairs services we offer for the review and consideration of the Mayor and officials of the City of Lynchburg, Virginia.

The information contained herein represents the following:

- ***The general capabilities of our Firm***
- ***Outlines proven strategies and activities to be employed by the Firm (Our Work Plan) to achieve the City's desired legislative, Federal grant acquisition and political priorities in Washington, D.C., and***
- ***Details proposed terms and conditions for retention of our Firm***

Members of our Firm view the potential of this representation as a great privilege, and would undertake the assignment of representing the City as a special priority. We strongly believe that our Firm would bring to this task specific experience, success in similar endeavors, creativity, enthusiasm, and our belief that a Washington, DC. representative, can achieve the goals of the City in large measure through effective, efficient and affordable legislative representation.

It would be our honor to represent you and the citizens of Lynchburg.

**Steven L. Pruitt
President and CEO**

**CJ Jordan
Partner**



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RA TIONALE FOR RETAINING A WASHINGTON REPRESENTATIVE

Simply put, there are basically three issues that would substantiate the City of Lynchburg's--as many other Cities have--**decision to retain a Washington Representative** to represent your interests before the U.S. Congress and Federal Executive branch agencies:

1. The ever-increasing **demand placed on the fiscal and programmatic policymaking structures of the Federal Government have created much greater competition for federal resources.**

As we now see, under the FY 2002 budget plan submitted by President Bush and enacted by Congress, discretionary spending for many government programs will have to be cut **more** than the President suggested over the next several years -- especially because the economy isn't performing as well as first projected. For example, the President's budget plan assumed an overall 6.7 percent increase in HUD funding. The budget's assumptions were based on assumptions that most advocates believe do not reflect the actual baseline that HUD requires to maintain current services-- the Administration claims that HUD would be receiving a \$1.9 billion increase. However, a more **accurate** look at the numbers reveals that HUD programs are actually being cut by \$1.3 billion in FY 2002. Recognition of these funding realities is happening in the face of data showing that nearly every HUD grant program is "over subscribed" by 28-30 percent.

Like HUD, most other federal domestic agencies report that subscription/demand for program funding exceeds available money due to three primary reasons. First, in response to funding reductions experienced in most domestic grant programs, Members of Congress have increased their reliance upon using Congressional mandates or "earmarks" to direct federal dollars to programs and projects in their home districts. In some program accounts, earmarks have consumed more than 60 percent of the funding, leaving the agency with a small amount of funding available to fund deserving applicants. **[The message here is merit doesn't a/ways matter.]**

Second, **as** population has shifted from Northeastern and Midwestern communities to Western and Southwestern **areas**, communities that never before needed or desired federal dollars to fund projects and programs have applied for, and are receiving federal funds in increasing numbers. Because of the **ever-increasing** needs of the citizens and communities in the South, there have been extensive additions to the number of communities vying for federal resources.



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*Finally, as the Federal Government has moved to consolidate program activities into so-called "State Block-Grant" funding schemes, the number of **general-purpose**, targeted specific federal grant programs have likewise been reduced. It therefore goes without saying that because cities as large as Lynchburg share many of the same problems and needs, the competition for new or targeted program funding is more intense than ever because once States allocate their block grants funds (funds that once were State money), there are few other places for cities to turn to **find** funds for specific program needs where the available funds are awarded on a "non-competitive basis."*

2. The need to mount significant efforts to increase the flow of information about and an understanding of the City's human and infrastructure needs by key Federal agency officials and members of the Virginia Congressional delegation.

Mounting a concerted and comprehensive effort to increase the flow of information about, and an understanding of the City's human and infrastructure needs to key Federal agency **officials** and members of the Virginia Congressional delegation is probably the most compelling reason why Lynchburg should have a Washington Representative. Clearly, the City of Lynchburg has historically not aggressively pursued federal funding as a means of enhancing the City's water and sewer infrastructure; promoting the availability of affordable single and multi-family housing; creating or expanding economic development opportunities; or providing expanded access to health, educational, cultural or job training services.

*We appreciate the fact that judgmental assessments of the approaches utilized by the City's past leadership regarding their decisions over the years to forego attempts to access available federal resources are fruitless. It is however fair to assume that the possibility of acquiring greater amounts of federal funding to increase home ownership, support the economic **vitality** of the **City** and rebuild the City's declining water and sewer system are both badly needed and more within the reach of the City's current leadership. Without a doubt, the Federal Government can **play** a key role in assisting the Mayor and **City** commission to achieve their programmatic goals, but this occur only if the Mayor and other City **officials** can (a) successfully convince numerous Federal **officials** and the broader Virginia Congressional delegation of the magnitude or relative nature of the **City's** short and long-term human and infrastructure needs, and (b) better educate these same officials as to those factors that make **Lynchburg different** from similar cities in the State who are also working to extend their **vitality**.*



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3. Helping to strategically mobilize the political assets and resources of the City to increase Lynchburg's share of the Federal dollars returned to the City.

Generally, there are four ways that a Washington representative can aid the City in mobilizing its political assets and resources to increase the City's share of federal dollars:

- Assisting the City in the development of a "Comprehensive" or "Consensus" Federal Agenda that can be used to 'rally' various sectors of the community (i.e. business, religious, elected officials, the media, etc.).
- **Identification of likely Federal funding sources, scenarios and key players.**
- Participation in the efforts to educate various sectors of the community.
- **Planning and assisting in the implementation of an advocacy campaign to acquire additional Federal resources.**

As noted above, a Washington Representative can help to design, coordinate and implement the City's campaign to acquire additional Federal funds by bringing to the table the necessary insight and knowledge of where, when and why certain funding decisions are made by Federal Executive branch agencies. A Washington Representative can also provide the insight into the legislative process that is often the key element between the success and failure of a community's efforts to acquire special funding available only through legislative edict

THE **PRUITT** GROUP

"Proven Ability To Influence The Administration, Policymakers On Capitol Hill And Executive Agencies On Issues Important To Lynchburg"

CAPABILITIES

The *Pruitt* Group is a diverse and dynamic firm operating on a solid bipartisan base with professionals who have served as party officials, specialists in legislative representation, in numerous administrative and regulatory proceedings and as key Congressional and Executive Branch employees. The Firm works to develop open



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access to discuss if client's policy positions and concerns with influential Federal decision makers and policy groups before **critical** issues are considered and relevant decisions made. By virtue of the experience of the team assembled to represent the interests of Lynchburg, and our **experience**, we are able to take the City's case direct/y to key decision makers in the most persuasive manner possible.

Members of the Firm have been respected for their expertise and advocacy among high-level officials in the Carter, Reagan, Bush, Clinton and the new Bush Administrations, as well as with the Chairmen and Members of the key committees in the Congress. We also have good working relationships with administrative and Congressional staff members who **are** an invaluable conduit in the formulation of Federal policy positions by their respective Federal agencies and Members of Congress.

We can work alongside Virginia's Senators and Congressmembers sympathetic to the concerns of the City in order to broaden Congressional support for legislation and programs **beneficial** to the City. The Firm is also well positioned to access key decision makers who are yet to be appointed in the Bush Administration. Members the **Firm** have served in State, Local and Federal government positions and understand the complex distribution of jurisdiction between the Federal and municipal governments. **Firm** personnel have actively participated in **drafting** and refining several of the Federal block grant programs that have shifted authority back to state and local administration and control.

This combination of experience and substantive knowledge will make our **Firm** unique in effiiently and effectively advocating Lynchburg 's Legislative Agenda.

The **Pruitt** Group is a proven expert in the area of government relations. We have a history of representing a broad national, international, and local client base. Solving problems is the Finn's primary goal. To achieve this objective, we have assembled the finest staff available. The **diversity** of talents they represent enables us to seek solutions in all three branches of the U.S. government - legislative, executive, and judicial - simultaneously. This results in faster resolution of issues at the highest level of government **with** responsive personal attention.

FIRM PERSONNEL

STEVEN L. PRUITT is the President and CEO of The **Pruitt** Group, Ltd., a public relations and Governmental advocacy consulting **firm** specializing in technology-based grassroots lobbying activities. Prior to establishing The Pruitt Group Ltd. he served as President of the Washington Strategic



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Consulting Group, Inc. and Senior Government Affairs Advisor to Washington & Christian, a full service law firm that specialized in Governmental advocacy.

*As a long time lobbyist/advocate, and as a key Congressional **staff** member, he has worked closely with Members of Congress and staff who make fundamental funding and policy decisions **affecting state and local** governments, corporations and foreign nations.*

*During **Mr. Pruitt's** distinguished professional career he served as Executive Vice President for Operations of the United Negro College Fund ("**UNCF** ") where his responsibilities included management of **UNCF's** Information Technology Services, Administrative Services, Human Resources, Government Affairs and Communications Departments. He also served as Executive Director of the Committee on the Budget of the United **States** House of Representatives and as a senior legislative and political advisor to Congressman William H. Gray, III, the former Majority Whip of the United States House of Representatives and Chair of the House Committee on the Budget.*

*Mr. Pruitt's Washington **and** professional experience **also** include service as Staff Director of the Census and Population Subcommittee of the House of Representatives, Committee on Post **Office** and Civil Service, Director of Congressional Relations for the AFL-CIO Public Employee Department, Assistant Director of Legislation for the American Federation of **State**, County and Municipal Employees Union (AFSCME), Special Assistant to former United States Senator Howard Metzenbaum (D-OH) and Campaign Manager for the first African American candidate for the **Office** of Mayor in the City of Columbus, Ohio.*

***LEOLA "ROSCOE" DELLUMS** is a graduate of Georgetown University Law Center (J.D. 1982). She served as a Judicial Law Clerk to the late Honorable H. Cart **Moultrie I**, Chief Judge of the District of Columbia Superior Court, and to the Courts' Retiring Judges and hearing Commissioners. She earned her Bachelor of Arts degree from San Francisco State **University** and her **Life** Teaching Credentials from California State University at Hayward.*

*Prior to joining to the firm, she worked as the Washington, D.C. Representative for the California Legislative Assembly and the Principal Consultant for the Legislature and its Office of Research. In this capacity, she assisted the Ex-Official Members of the California Wodd Trade Commission in the planning and implementation of a preliminary trade mission to Ghana, Nigeria and Cote D'Ivoire. One purpose of this mission was to recommend a future location for a California Trade **Office** in Africa.*



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Ms. Dellums' Capitol Hill experience includes serving as Special Assistant to the late Honorable Mickey Leland, where her responsibilities included policy development and general legislative matters. She worked as the Development Director for the NCA American Civil Liberties Union (ACLU) and as a publicist for its National Office. Her diverse background includes media and public relations, marketing, educational and consulting work.

DA'AGA C. HILL-BOWMAN is a Jamaican-born attorney who recently joined The Pruitt Group as an Associate. She is a graduate of the University of Virginia Law School (J. D. 1985), and a 1979 graduate of Dartmouth College (A.B., Romance Languages, with Distinction). Ms. Hill has lived or studied in several Caribbean islands, Europe, and West Africa. She speaks French and is proficient in Spanish.

Ms. Hill-Bowman has worked as a labor lawyer, legal consultant, and Congressional researcher and in educational administration at Harvard University. She was previously associated with the law firms of Holland & Hart in Denver, Co. and Washington & Christian in Washington, DC. She is a member of the Pennsylvania and District of Columbia Bars.

FRANKIE DENISE KING joined the Firm after serving 8 years in the Clinton Administration as a political appointee where she served as the Director, Office for Special Trade and Development Programs, Office of the Administrator in the U.S. Department Of Agriculture, Foreign Agriculture Service. Prior to joining the Clinton Administration, Ms. King served as a Professional Staff Member United States Senate, Joint Economic Committee. She also worked as a Management Analyst in the U.S. Department Of Justice, Civil Division, Office of Policy And Management Operations and as a Policy Analyst in the Congressional Research Service, Library of Congress.

C. J. JORDAN serves as an Associate of the Pruitt Group. Her primary focus is working with Republican elected officials on issues of concern to Pruitt Group clients. She has consulted extensively with key Republican office holders in Ohio and Washington, DC. Currently her clients include the Community Solutions Alliance (a grass-roots lobbying organization founded by Representative J.C. Watts (R-OK), the Chairman of the U.S. House Republican Conference), the National Black Republican Leadership Council, Lott Carey International, Holy Ministries, City of Tchula, Mississippi and Jewell Industries, Inc.



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EXAMPLES OF **SUCCESSFUL** WASHINGTON LOBBYING
ACTIVITIES **BY THE PRUITT GROUP**

Following is a sample listing of some of the clients and projects for which The Pruitt Group has provided representation work for in Washington before the U.S. Government. Projects range from drafting grant applications and proposals, to advocating for their funding before various federal executive branch agencies and highlight the **fact** that

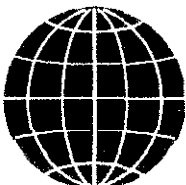
- **All the Cities represented by The Pruitt Group were chosen as finalist and winners in the HUD Empowerment Zone and Enterprise Community Program.**
- **All the Cities represented by The Pruitt Group were awarded grants under the Department of Justice's "Community Policing Program" competitive supplemental grants. Cities of Denver and Columbus were selected as a "Weed and Seed" communities.**
- **The Pruitt Group has been responsible for obtaining numerous Federal Executive Department waivers, amendments and extensions of time for use of previously awarded grant funds slated for recession and recapture.**
- **The Pruitt Group has extensive experience in assisting communities facing military base closures and accessing the Defense Conversion programs.**
- **The City of Cleveland, Ohio**
 - Reviewed and suggested constructive revisions to the City's application for designation as an Empowerment **Zone** site. [Lobbied in support of application; Cleveland was designated as a "Supplemental Empowerment Zone," one of two in the country and later graduated to Empowerment Zone status.]



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- *Lobbied and maintained Community Development Block Grant funding from HUD for the Playhouse Square, Church Square, National Terminals and Cnttenden Court redevelopment projects.*
 - *Lobbied to keep and expand the Defense Finance and Accounting Service ("DFAS") operations in Cleveland that was slated for closure as part of the 1995 Base Closure Commission's findings. Efforts saved 600 jobs and resulted in an additional 300 jobs being moved to Cleveland as the result of strategy I developed to pursue consolidation of functions rather than closure.*
 - *Developed the strategy and successfully lobbied to have HUD reprogram \$25 million in Urban Development Action Grant ("UDAG") funds allocated to the City which were scheduled for recapture, and allow them to reallocate the funds to newly targeted economic development projects generated after the end of the UDAG program.*
 - *Developed the strategy and successfully lobbied to acquire \$1.5 million for the West 9th Street Bridge Project from **EDA**.*
- **City of Oakland, California**
 - *Developed the strategy and successfully lobbied to have **EDA** convert a \$560,000 loan to a grant in connection with the Acorn Shopping Center project. The Finn's efforts allowed the City to avoid going into default on this loan and the granting of a waiver of its repayment obligation of this loan from **EDA** while saving 85 jobs and 14 businesses.*
 - *Reviewed and suggested revisions to the City's application for designation as an Empowerment Zone site. [Lobbied in support of application; Oakland was designated as an "Enterprise Community"]*
 - *Lobbied and acquired \$11 million in funding from **EDA** for the Cannery Row Redevelopment Project, a downtown Shopping and Office complex.*
 - *Lobbied and acquired \$8 million in Defense Conversion funding from **EDA** for job training programs for DOD employees displaced by closure of the Alameda Naval Supply Center.*
 - *Lobbied and acquired \$6 million from the U.S. **Department** of Labor for Youth Job Training programs.*
 - *Worked with **EDA** and the SBA to assist the City in obtaining \$2.5 million Business Retention grants.*



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- **City of Miami, Florida**
 - *Developed the strategy and successfully lobbied to have EDA designate the Wynwood Community Economic Development Corporation's site as a "Foreign Trade Zone," the only inner city site selected in the country.*
 - *Lobbied and acquired \$4 million in funding from the Department of Commerce to assist in development of a "Technology Park" that created 65 new "high-tech" jobs in inner city Miami.*
- **The National Congress for Economic and Community Development (NCCED)**
 - *Revised and developed strategy for expansion of the organization's Grass Roots and Headquarters Federal legislative advocacy programs.*
 - *Lobbied members of the U.S. Congress on behalf of the organization on key legislative issues including the Community Development Block Grant, HOME, rural development and job training programs.*
- **General Community Development Program Activities**
 - *Lobbied in support of the New Markets Tax Credit, Community Renewal and Community Solutions Act programs.*
 - *Lobbied in support of Targeted Job Tax Credit and Low-Income Housing Tax Credit provisions.*
 - *Lobbied for authorization of EDA.*
 - *Lobbied in support of Housing Authorization legislation and the funding of numerous "Demonstration Projects."*
 - *Lobbied in support of President George W. Bush's "Faith-Based and Community Development Initiative."*
 - *Participated in the initial development and implementation of the Fannie Mae Corporation's Affordable Housing program.*
 - *Have extensive experience in the design and implementation of so-called "Formula Grant programs."*
 - *Represented cities that provide medical services through city owned hospitals and clinics in distressed neighborhoods.*
 - *Have extensive experience working with community groups and organizations.*



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The Pruitt Group has successfully lobbied for Congressional Legislative “earmarks” for its City clients in areas as diverse as housing grants to special transportation funds that have been enacted into law. Members of the Firm have also performed representation work for the cities of Philadelphia, Pennsylvania and Denver, Colorado.

SAMPLE LISTING OF PRESENT AND FORMER *CLIENTS*

- The City of Cleveland, Ohio
- The Greater Cleveland Regional Transit Authority
- The San Francisco Public Utilities Commission
- The City of Miami, Florida
- The City of Denver, Colorado
- The City of Oakland, California
- The City of Philadelphia, Pennsylvania
- The City of Tchula, Mississippi
- The Coca Cola Company
- The **Marriott** Corporation
- **Jewell** Industries, Inc.
- The National Congress for **Community** Economic Development
- Lott Carey Baptist Foreign Mission **Convention/Lott** Carey International
- Holy Ministries-House of Hope
- Various **African** and Caribbean Governments

KEY ELEMENTS OF A PROPOSED WORK PLAN FOR ADDRESSING GENERAL WASHINGTON ISSUES OF INTEREST TO THE *CITY* OF L **YNCHBURG**

Developing a “Comprehensive Federal Agenda”

As noted **earlier** in this document, the Pruitt Group is prepared to work with the Mayor, other elected **officials** and/or other appointed persons in the development of a “Comprehensive” or “Consensus” Federal Agenda that can be used to ‘rally’ various sectors of the community (i.e. business, religious, elected officials, the media, etc.). We would envision that this Agenda would contain information relating to the City’s programmatic goals in several key areas, most notably affordable housing development, home ownership, and revitalization of the Lynchburg Lake area and **neighborhood** economic development.



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The Finn would take primary responsibility for:

- . Identification of likely Federal funding sources, scenarios and key players.
- . Gathering and presenting information regarding grant **eligibility** requirements, application requirements (**if** any) and timing and application deadlines.
- . Reviewing and conducting "programmatic funding checks" with key Federal officials.
- . Making recommendations and suggestions regarding implementation approach.
- . Participation in the efforts to educate various sectors of the community on the details of the Agenda and efforts to acquire funding.

Accessing and Leveraging Lynchburg' Key Congressional Members

One of the **first** actions we will take to help the City to fully access and leverage its key Congressional Members will be to **arrange** and coordinate visits to Washington by the Mayor for meetings with the **Virginia/Lynchburg** Congressional delegation and other key Congressional leaders. We would recommend that this initial Washington visit occur during the dates of February 27-March 1, 2002.

Lynchburg is fortunate to be represented by a senior Member of Congress who serves on the House Agriculture; Judiciary Committee- Representative Bob Goodlatte (R-VA). Congressman Goodlatte is well positioned to help increase the return of Federal dollars to the direct **benefit** of the citizen's of Lynchburg. Virginia's U.S. Senators-John Warner (R-VA) and George Allen (R-VA) also play key roles in developing federal policy with the Bush Administration.

- . Congressman Bob Goodlatte (R-VA) is a senior member of the House Agriculture Committee, the Judiciary Committee and the Education and the Workforce Committee. On Judiciary, he serves on the Crime Subcommittee and as Vice Chairman of the Courts, the Internet, and Intellectual **Property** Subcommittee. On Agriculture, he **is** the **Chairman** of the Department Operations, Oversight, Nutrition and Forestry Subcommittee. On Education and the **Workforce**, he serves on the 21st Century **Competitiveness** Subcommittee and the **Workforce** Protections Subcommittee. Before being elected to Congress, he served as former Congressman **Caldwell** Butler's District **Office** Manager from 1977 to 1979 where he gained significant insight into the needs of cities like Lynchburg.
- . U. S. Senator John Warner (R-VA) serves on the Senate Armed **Services** Committee where he is the top ranking minority member of the committee. He is also the second most senior Republican member of the Environment



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and Public Works Committee and a member (former Chairman) of the Senate Committee on Rules and Administration.

U.S. Senator George Allen (R-VA) serves as Deputy Whip for the 107th Congress, working with the Republican Party leadership to formulate policy, develop strategy and generate support for the Party's legislative priorities in the Senate. He is a member of the Commerce, Science, and Transportation Committee; the Foreign Relations Committee; and the Small Business and Entrepreneurship Committee. As you know, prior to his Senate service, Senator Allen led the Commonwealth of Virginia as its 67th Governor from 1994 to 1998.

*All of these Members of Congress can play significant roles in assisting the City to acquire an increase in its share of Federal tax dollars being returned to the residents of **Lynchburg**. To fully address this task, The Pruitt Group will:*

- Meet with Members and/or their staff persons on a regular basis and act to increase the flow and exchange of information on key actions proposed and/or taken by the Mayor in development of a "Comprehensive Federal Agenda" and on other key initiatives occurring in City Government.*
- Schedule and accompany the Mayor and other City officials to meetings with Members; and be prepared to assist in responding to any requests for information and follow-up actions as required.*
- Develop and coordinate a "Telephone Lobbying" campaign by the Mayor where on a regular basis she is in personal telephonic contract with key Washington decision makers, media personalities, and Virginia business interests with Washington offices on issues of concern to the City.*
- Coordinate and arrange a hosted event on **Capital Hill** for the City to initiate the process of educating the Members of the Virginia delegation in Congress to the challenges confronting the City.*
- Assist the Mayor and other City officials in communicating issues and concerns about legislation moving through the Congress.*

Raisins the National and State Profile of Lynchburg and its Mayor

*The political upheaval of the 2000 Congressional elections, the recent change of control in the U.S. Senate and the uncertainty over the upcoming 2002 elections should argue strongly for the **City** to move aggressively to escalate a campaign to increase the share of Federal dollars returning to the City. In this regard, we would propose to execute the following **activities** to raise the **profiles** of the City of Lynchburg and the Mayor*



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- Coordinate with the Mayor to gain greater media exposure and coverage of Lynchburg by the local, network and Washington print and television journalists.
- Promote and arrange for the Mayor to appear on local and national "Weekly Talk Shows" that focus on Washington and other issues of concern to rural and minority focused media e.g. CNN's "Both Sides" hosted by Reverend Jesse Jackson, "Face the Nation", C-SPAN, etc. We would focus on coordinating the Mayors appearances with key Washington developments e.g. release of the Presidents FY 2003 Budget, Congressional consideration of the FY 2003 Appropriations bills, etc.
- Generate a profile article in the Washington Post, New York Times or LA Times on Mayor Brown and the City.
- Coordinate and arrange for the Mayor to appear before other key political, policy and media venues such as the National Press Club News Makers Luncheon, the Congressional Black Caucus Annual Legislative Conference, the House and Senate Democratic Caucus' and Conferences, National Association on Rural Housing, the White House, the Washington Post Editorial Board, etc.
- Schedule and arrange regular visits to Washington by the Mayor for meetings with Administration officials, the Virginia Congressional delegation, Virginia business interests who maintain Washington offices, and other key Members of Congress and the Senate.

Strengthening the City's Linkages to Key Local Organizations

In this regard, we would develop and execute the following activities:

- a) Within the first thirty days of our representation, we will visit Lynchburg again for a series of meetings with the Mayor and other officials to more comprehensively assess the City's needs to then suggest areas of opportunity and need for proactive action via a Washington Agenda for the City.
- b) In the first sixty days of our representation, we will assist the Mayor in development and presentation of a "State of City" town hall style event where she can discuss a list of critical accomplishments and establish a vision for the future of the City of Lynchburg.
- c) During the first ninety to one hundred-twenty days of our representation, we will begin work with key sectors of the community to develop and refine the City's "Comprehensive Federal Agenda."

In addition to the above noted activities, we will perform the following tasks during the first year of this assignment:



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- a) Attempt to arrange an opportunity for the Mayor to appear as a witness at either an **official** House or Senate Authorizing or Appropriations Committee hearing in Washington or at a **field** hearing outside of Washington on relevant legislation, **and/or** at one of the "**unofficial**" hearings being planned by the Congressional Black Caucus and other special interest caucuses in the Congress.
- b) Encourage and initiate press conferences and other press opportunities e.g. Op-Ed articles for the Mayor to speak out on the impact of key Federal legislation pending before the Congress.
- c) Arrange and promote a special Virginia Congressional delegation "Visit to Lynchburg" to discuss the **City's** needs **from** a Federal perspective.

Arranaina Meetings and Contacts with Key Executive Branch Decision Makers

We will meet and speak regularly with decision makers and staff in the Bush Administration to promote the interests of the City and to monitor accurately all significant developments. Information obtained from these discussions can be transmitted in bi-weekly reports to the City.

Coordinating Visits to Washinoton by City Officials

The Firm will also work to enhance the profile of the City by arranging meetings at strategic times between Federal policymakers and the Mayor, City department heads and Members of the City Council in Washington, D.C. We will brief City leaders thoroughly in advance of these meetings and prepare the required materials. Meeting summaries will be prepared and presented to the City.

Representing the City Before Other Local Government Interest Groups

On other issues of concern to the City, we will attend **group** meetings and coordinate information and efforts with national representative groups including.. U.S. Conference of **Mayors**, the National League of Cities, the National Conference of Black Mayors, National Association of Countries, National Governors Association and the scores of more **specialized** associations represented in Washington, D. C.

By participating **with** the most active of these **organizations**, we can monitor areas of common concern and attempt to direct a portion of their considerable resources to advocate particular issues on the City's legislative agenda (e.g., increased resources for infrastructure development, literacy grants, youth services, child care, affordable housing, etc.). Each issue of interest to the City has a constituency of grass roots and trade association allies **with** whom we will work. Ad-hoc coalitions are formed **regularly** to support many of those broader meetings, allocate Members



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to contact, count votes, and coordinate narrower issues only advocated by the City and its representatives.

PROPOSED FEE ARRANGEMENT/TERMS AND CONDITIONS

- A. The Finn would respectfully propose that the City allocate a budget of \$38,000 for Federal Representational Services as follows: fees totaling \$3,000 annually, plus documented out-of-pocket operating expenses not to exceed \$2,000 annually as maximum compensation for the services to be rendered in representation of the City of Lynchburg in Washington, D.C.
- B. The Firm would propose that compensation to be paid in relation to this representation be paid on the following basis: Twelve (12) equal monthly installments of **\$3,000.00**, plus documented out-of-pocket expenses, reimbursed by monthly invoice, not to exceed **\$2,000.00** annually.
- C. The term of this Agreement shall be from February 1, 2002 through January 31, 2003, unless the parties mutually agree to an extension thereof.
- D. The City will provide "pre-paid" airline/train tickets and reimburse the costs of hotel, meals and local transportation should members of the Firm be required to travel outside the greater metropolitan Washington, D.C. area to perform their duties as required pursuant to Paragraph B hereof, separate and apart from the documented out-of-pocket expenses as provided in a free-standing Agreement.
- E. The Pruitt Group and/or its employees and agents shall be deemed to be independent contractors, and not agents or employees of the City of Lynchburg, and shall not **attain** any rights or benefits under the Pension, Health or Life Insurance programs of the City, or any rights generally afforded regular City employees; further the members of the **Firm** shall not be deemed entitled to State of Virginia Workers' Compensation benefits as an employee of the City.
- F. The City shall retain the right to terminate this Agreement at any time prior to the completion of the services required pursuant to paragraph C hereof without penalty. In that event, notice of termination of this Agreement shall be in writing to the Firm, fifteen (15) days prior to termination, who shall be paid for those services performed prior up to the date of termination. In no case, however, will the City pay the Firm an amount in excess of the total sum provided by this Agreement.
- G. It is understood by and between the City and the **Firm** that this Agreement may be subject to review and evaluation at the following intervals: ninety (90) days and one-hundred eighty (180) days, and that such reviews will be conducted jointly, at a time and place to be mutually agreed.



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- H. The Firm shall indemnify and save the City harmless from and against any and all claims, liabilities, losses, and causes of action which may arise out of the Firm's activities under this Agreement, including all other **acts** or omissions to **act** on the part of the Firm, including any person acting for on or its behalf and, from and against any orders, judgments, or decree which may be entered and from and against all costs, attorneys, fees, expenses and liabilities incurred in the defense of any such claims, or in the investigation thereof.
- I. The Firm covenants that no person under its employ who presently exercises any functions or **responsibilities** in connection with this Agreement has any personal financial interests, direct or indirect, with the City. The Firm further covenants that, in the performance of this Agreement, no person having such conflicting interest shall be employed. Any such interests on the part of the Firm or its employees must be disclosed in writing to the City.
- J. The Firm warrants that it has not employed or retained any person employed by the City to solicit or secure this Agreement and that it has not offered to pay, paid, or agreed to pay any person employed by the City any fee, commission percentage, brokerage fee, or gift of **any** kind contingent upon or resulting from the award of this Agreement.
- K. All documents developed by the Firm under this Agreement shall be delivered to the City by the Firm upon completion of the services required pursuant to paragraph **B** hereof and shall become the property of the City, without restriction or limitation on its use. The Firm agrees that all documents maintained and generated pursuant to this contractual relationship between the City and the Firm shall be subject to all provisions of the appropriate Public Laws of the Commonwealth of Virginia.
- L. It is further understood by and between the parties that any information, writings, contract documents, reports or any other matter whatsoever which is given by the City to the Firm pursuant to this Agreement shall at all times remain the property of the City of Lynchburg and shall not be used by the Firm for any other purposed whatsoever without the written consent of the City.

CONCLUSION

The Pruitt Group is extremely pleased to present this proposal for your review and consideration. In keeping with the City's stated goals, we are available for discussions with the appropriate City officials as soon as your team has completed your preliminary evaluations of the proposals received. At that time, we would be prepared to start work on **defining** the City's expectations and a legislative agenda for the 107th Congress and the Bush Administration.



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CONSULTING

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COUNCIL/MANAGER
OFFICES

April 25, 2002

L. Kimball Payne, III
City Manager
The City of Lynchburg, Virginia
City Hall
Lynchburg, VA 24505

Dear Kim:

It has been a pleasure working with the City of Lynchburg in pursuit of federal appropriations for your wastewater needs. We were very successful last year in increasing your funding levels and hope that we will have an opportunity to further assist you with your additional federal appropriation needs.

Last year McGuireWoods Consulting focused on achieving two goals when we went to Capitol Hill on behalf of the City of Lynchburg. First we wanted to reverse the City's trend of decreasing levels of appropriations. Second, anticipating the state's difficulties in meeting the required state or local 100% match requirement of the federal Economic Development Initiative (EDI) appropriation funding, we sought funding that did not require this same stringent match requirement. We were successful in meeting both of these goals. In Fiscal Year (FY) 2001 the City of Lynchburg received \$2 million for its combined sewage overflow (CSO) improvements, which required a 100% state or local match. In FY 2002, when we started to work together, the City of Lynchburg received \$2.35 million dollars. \$1.35 million dollars was appropriated from the Veterans Administration - Housing and Urban Development's (VA-HUD) EDI program and \$1,000,000 was appropriated from the Energy and Water Appropriations bill. While all federal funding for wastewater projects has a match requirement, Energy and Water appropriations only requires a 25% match.

Wastewater improvement is not the only local government program that is eligible for federal funding. Federal funding can also be obtained to support the City's waterfront revitalization project. Last year, \$294,200,000 was appropriated in the VA-HUD appropriations bill specifically for economic development initiatives. Hundreds of cities across the nation received funding to revitalize, renovate, and rebuild. The appropriated funds for these projects ranged from \$100,000 to \$6,000,000.

Additionally funding can also be obtained for a number of the City's other on-going projects and programs. Examples of programs that are suitable candidate for appropriations include: Community Oriented Policing Services (COPS) funding for the police department, counter-terrorism funding for the fire department, transportation appropriations for the improvements of roads, literacy programs, etc.

McGuireWoods Consulting can offer you a great deal of guidance and assistance in the appropriations process. We are a Virginia firm and have a strong working relationship with members of the Virginia Congressional delegation. In full and on-going consultation with the City, McGuireWoods Consulting will help develop an advocacy strategy to secure federal funding opportunities on matters important to the City's needs and objectives. Together we would develop a list of federal funding priorities, secure the support of your Congressional representatives and manage the appropriations process to its successful end result. Additionally, we can explore other funding opportunities, such as federal and private grants if desirable.

McGuireWoods Consulting, LLC is a full-service public affairs firm with strong bipartisan government relations capabilities at the federal, state, and local levels. We were recognized in *Legal Times* for our substantial commitment to maintaining a bipartisan profile and capability. Our traditional lobbying services are complemented by public opinion research, grassroots organization, event coordination, and public relations capabilities, giving McGuireWoods Consulting the ability to plan and execute fully integrated issue management strategies as needed.

The McGuireWoods Consulting federal government relations team consists of a diverse political group of professionals with extensive legislative experience. I am part of our Washington D.C. operation having represented many of the counties surrounding Lynchburg, my hometown, and the Virginia's 5th Congressional District for ten years. While in Congress, I served on the tax-writing House Ways and Means Committee, the Transportation and Infrastructure Committee and the Budget Committee

The McGuireWoods Consulting Federal Group is directed by Frank Donatelli, formerly an assistant to President Ronald Reagan and a long-time activist in Republican and conservative caucuses. He has held leadership positions in the campaigns of Ronald Reagan, George Bush, Bob Dole and G.W. Bush. Other members of our team include Steve Katsurinis, who served as Legislative Counsel for Congressman Dana Rohrabacher (R-CA), and was a member of the budget team for former Governor (now Senator) George Allen (R-VA); and Tom Walls, who until very recently was legislative director to Senator Russ Feingold (D-Wisconsin). I am also pleased to tell you that we will soon be joined by Barnaby Harkins, who recently served as Legislative Director to Congressman Tom Davis of Virginia. We also can boast highly capable professionals who deal with grassroots, public relations and state lobbying if you might require these services.

We are excited about the possibility of expanding our existing relationship with you. Thus we would propose the following.

- (1) We will continue our existing representation for you on wastewater appropriations matters at the present \$3,000 per month fee.
- (2) We will provide the additional services to seek funding for your other ongoing priorities as outlined in the third and fourth paragraphs of this letter for an additional \$5,000 per month.

If you accept this arrangement, our monthly fee would be \$8,000. Otherwise, we will continue to provide our existing wastewater services at the current \$3,000 per month.

April 25, 2002
Page 3

McGuireWoods Consulting is dedicated to working with our clients to develop proactive strategies to address their needs in a comprehensive and integrated manner. We hope to further develop our working relationship, and achieve even greater successes in meeting the federal appropriation needs of the City of Lynchburg.

Sincerely,

A handwritten signature in black ink, appearing to read "L.F. Payne, Jr.", with a stylized, cursive script.

L.F. Payne, Jr
Chief Executive Officer

LFP/at